

LNF & IHCIF Calculations Illustration

- CENTRAL VALLEY in California area -

Given Data

- 5,045 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 45% = % Expenditures on purchased services, 55% = % expenditures in-house
- 112.6% = Cost index for purchasing health care in this geographic area
- 112.5% = Size cost index for in-house costs due to small or large size
- 95.9% = California area cost index for health status above or below average

Cost Adjustment Calculations

- \$1,509 per person for purchased services = $45\% * 112.6\% * \$2,980$
- \$1,844 per person for in-house services = $55\% * 112.5\% * \$2,980$
- \$3,354 per person total = \$1,509 (purchase) + \$1,844 (in-house)
- **\$3,217 per person total** adjusted for health status = $\$3,354 * 95.9\%$
- **\$2,472 per person net cost** = $\$3,217 - \745 Other resources (M&M&PI)

Existing Expenditures (for 5,045 users excluding wrap-around and collections)

- \$755 per person = local IHS allowance (excludes \$ for wrap-around)
- \$222 per person = expenditures elsewhere in California area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,031 per person for OU users** = $\$755 + \$222 + \$54$

LNF Calculation

- **32.0% Gross LNF** = $\$1,031$ (expenditures) / $\$3,217$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **41.7% Net LNF** = $\$1,031 / \$2,472$ net cost ($\$3,217 - \745 other)

IHCIF Allocation

- \$2,281,340 = \$ to raise LNF% from 41.7% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$79,573 Allocation** = $\$2,281,340$ needed for 60% * 3.488% IHCIF fraction

CENTRAL VALLEY Unmet Needs

- **\$12,471,691 Net Total Need** = $5,045$ users * $\$2,472$ net cost
- **\$7,270,017 Net Unmet Need** = $(100\% - 41.7\% \text{ LNF}) * 5,045$ users * $\$2,472$ net cost